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Canada's New Government Reduces Taxes for Canadian Fishers

The Honourable Jim Flaherty, Minister of Finance, announced today that with the recent passage into law of all Budget 2006 tax measures, Canadian fishers can now transfer their fishing assets to their children or grandchildren without having to pay capital gains or income taxes at the time of transfer. As well, fishers can now benefit from a $500,000 lifetime capital gains exemption if they sell their assets to anyone else.

"This measure further demonstrates our government's commitment to tax fairness and supporting our resource industries," said Minister Flaherty. "Removing the tax liability faced by fishers provides immediate assistance to ease transfers of fishing property from one generation of fishers to another and enables fishers to enjoy the same capital gains tax exemptions available to farmers and small business owners."

Under the measure, fishers who sell their interests in fishing licences or other fishing property will be able to use the lifetime capital gains exemption to offset the capital gains on those sales. The assets on which tax may be deferred when transferred to children or grandchildren include fishing property, fishing licences and shares in a fishing corporation. The measure is effective for dispositions on or after May 2, 2006.

"I am very pleased that we have delivered on our commitment to provide important tax relief for Canadian fishers," said the Honourable Loyola Hearn, Minister of Fisheries and Oceans. "By making it more affordable to pass an enterprise from one generation to the next, this will help sustain the industry, as well as the families and communities that depend upon it."

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